

**MINUTES OF REGULAR MEETING
OPEN SESSION
March 29 and 30, 2010
ILLINOIS GAMING BOARD
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

On Monday, March 29, 2010 a Regular Meeting of the Illinois Gaming Board ("Board") was held on the 3rd floor at 160 N. LaSalle, Chicago, Illinois.

On Monday, March 29, 2010 at approximately 9:30 a.m. the following Board Members were present: Members Charles Gardner, Eugene Winkler, Joseph Moore and James Sullivan. Chairman Jaffe participated via telephone. At 9:40 a.m. on Monday, March 29, 2010, Member Gardner called the meeting to order. Pursuant to Section 2(c), paragraphs (1), (11), (14) and (21) of the Open Meetings Act and Section 6(d) of the Riverboat Gambling Act, Member Gardner moved that **the Board retire to Closed Session to discuss the items listed under Closed Session on today's agenda and relating to the following subject matters:**

1. **Personnel matters;**
2. **Pending litigation and matters involving probable litigation;**
3. **Investigations concerning applicants and licensees; and**
4. **Closed session minutes.**

Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote. The Board recessed at 12:20 p.m.

On Tuesday, March 30, 2010 the meeting reconvened at 11:25 a.m. Present were the following Board Members: Chairman Jaffe, Members Charles Gardner, Eugene Winkler, James Sullivan and Joseph Moore.

The Board remained in Closed Session until approximately 12:30 p.m. The Board recessed and then went into open session at 1:05 p.m. Chairman Jaffe, Members Charles Gardner, Eugene Winkler, James Sullivan and Joseph Moore.

APPROVAL OF MINUTES -

Member Moore moved that **the board approve the open session minutes of its Regular Meeting of February 10, 2010.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

ADMINISTRATOR'S REPORT –

Administrator Ostrowski stated that the Closed Session Minutes will now be approved at the Closed Session meetings. The Administrator also stated that there are two adjustments to the

Agenda. Paltronics is off the agenda for today's additional information is required of Paltronics. GAMTECH with its new management underway is also off the agenda for today's meeting.

PUBLIC COMMENTARY –

TOM SWOIK, EXECUTIVE DIRECTOR
ILLINOIS CASINO GAMING ASSOCIATION

Good afternoon I am here today to update you on a few events related to our work in improving our outreach to minority and female vendors that the 6 members of the Association have or will be involved in this year.

The 42nd Annual Chicago Business Opportunity Fair, organized by the Chicago Minority Business Development Council took place at Navy Pier last April 6-8. The 43rd is taking place today and tomorrow. For the fourth year the members of the ICGA are sponsoring the events including having a booth at the trade show.

Secondly, we sponsored and participated in the Illinois State Black Chamber of Commerce conference held last September.

Finally, we once again sponsored a minority vendor fair at the Hollywood Casino in Aurora on October 22 and will sponsor another event this year which has not yet been scheduled.

As a result of our participation in the Illinois State Black Chamber of Commerce event last fall, my members believed that a partnership with that organization would be mutually beneficial in achieving our goal of increased minority participation in not only purchasing and contractual relationships but in staffing as well.

Therefore, this year we joined the Illinois State Black Chamber of Commerce.

I would like to introduce Larry Ivory the Founder, President and CEO of the Chamber to discuss how this partnership will promote a healthier business climate and economic empowerment for MBEs WBEs and DBEs.

Member Moore stated that a few years ago the Board wrote a Social Investment Strategy, the Board is very proud that Tom and the casinos have embraced the strategy. The Board appreciates all the efforts that have been done.

Larry Ivory -
President and CEO Illinois State Black Chamber of Commerce

Mr. Ivory stated that the Chamber has tremendous interest in gaming and the impact that it has on the communities. There are 21 chapters throughout the State of Illinois. The Chamber helps create procurement opportunities for African American businesses.

OWNER LICENSEE ITEMS

Items for Initial Consideration –

- Jumer's Casino and Hotel – Proposed Refinancing and Reallocation of Shares of Ownership

Donna More appeared before the Board on behalf of Jumer's

- MGM – MGM Mirage's request to allow Nevada Landing Partnership as a Subsidiary Guarantor on Certain Debt

Paul Jensen appeared before the Board on behalf of MGM Mirage and Nevada Landing.

Chairman Jaffe commented that the Board has been following the media reports concerning MGM and the Board has instructed staff to start an investigation of its own.

Items for Final Action

- Casino Queen, Inc. – Proposed Fifth Amendment to Credit Agreement

Jeff Watson General Manager of Casino Queen appeared before the Board.

Based on a review of staff's investigation and pursuant to Section 230(d) of the Board's Adopted Rules, Member Sullivan moved **to approve Casino Queen, Inc.'s request for Board approval of the proposed Fifth Amendment to the current Credit Agreement between Casino Queen, Inc. and its lender, Wells Fargo Bank - the purpose of the amendment being to restate the total leverage ratio financial covenant set forth in Section 6.01 of the Credit Agreement.** Member Gardner seconded the motion. The Board approved the motion unanimously by roll call vote.

- The Rock Island Boatworks, Inc. d/b/a Jumer's Casino and Hotel – Margaret Jumer, Director - Key Person

Donna More appeared before the Board on behalf of Rock Island Boatworks.

Based on a review of staff's investigation and recommendation, Member Sullivan moved that **the Board approve Margaret Jumer as a Key Person for The Rock Island Boatworks, Inc. d/b/a Jumer's Casino and Hotel in her position as Director.** Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote.

- Harrah's Entertainment, Inc. – John W.R. Payne, President, Central Division – Key Person

Based on a review of staff's investigation and recommendation, Member Sullivan moved that **the Board approve John W.R. Payne as a Key Person for DesPlaines Development Limited Partnership d/b/a Harrah's Joliet and Southern Illinois Riverboat Casino Cruises, Inc. d/b/a Harrah's Metropolis in his position as President, Central Division of Harrah's Entertainment, Inc.** Member Gardner seconded the motion. The Board approved the motion unanimously by roll call vote.

- Midwest Gaming & Entertainment, LLC – Approval of Casino Construction Project, Financing and Pledge Agreements

John Janicik of Mayer Brown appeared before the Board on behalf of Midwest Gaming & Entertainment, LLC respectfully requesting final approval of the construction project, financing and pledge agreements.

Greg Carlin CEO of Midwest Gaming & Entertainment, LLC appeared before the Board. Mr. Carlin stated that the construction will begin on April 8, 2010. He apologized for Mr. Bluhm not being in attendance due to the fact that he was meeting with potential bond holders. Mr. Carlin also stated that subject to the Board's approval bonds will be priced tomorrow and will close at the end of five business days. At that time the payment of \$47.5M will be made to the Board. He also did an update on corporate staff. Mr. Carlin stated that as of today's date a General Manager has not yet been hired for DesPlaines 10th license location.

Member Gardner stated he was disappointed that the corporate staff consists of all males. Secondly, Member Gardner commented on how amazed he was at the amount that was budgeted for transaction expenses in connection with the financing. Member Gardner asked if money is left over from the transaction expenses will the remainder go back into the project for further improvements or will it be used to pay down the senior debt. Mr. Carlin stated that the excess will be applied to the future interest. Finally, Member Gardner referenced the equity structure and the fact that the Board is not rendering an opinion on the LLC agreement, the Board is not in support of nor objecting to the agreement. It is the responsibility of the investors to do their own due diligence.

Based on a review of staff's investigation and recommendation, Member Winkler moved that **the Board approve the following:**

- 1. Pursuant to section 230(d) of the Board's Adopted Rules, Midwest Gaming & Entertainment LLC's proposed construction project for a casino, parking structure and other amenities at Devon Avenue and River Road in Des Plaines, Illinois, consistent with the design plans and other supplemental information provided to the Board;**
- 2. Pursuant to section 230(d) of the Adopted Rules, the Agreement Between Owner and Contractor dated March 12, 2010, by and between Midwest Gaming & Entertainment LLC and Pepper Construction Company, Chicago, Illinois for the construction of a casino, parking garage and related improvements, including site work in Des Plaines, Illinois.**

3. Pursuant to section 230(d)(1)(J) of the Adopted Rules, the following agreements related to the purchase of real estate by Midwest Gaming & Entertainment LLC:

A. Option Agreement dated January 14, 2003 by and between North Star Trust Company, as Trustee under Trust Agreement No. 01-4061, 3000 River Road LLC and Midwest Gaming & Entertainment LLC as and through its Eleventh Amendment dated September 29, 2008;

B. Real Property Purchase Agreement dated October 2, 2008 (the Parcels 1 – 5 Agreement) by and between Chicago Title Land Trust Company under Trust Agreement No. 540, O’Hare Office Center and Midwest Gaming & Entertainment LLC as and through its First Amendment dated March 26, 2010;

C. Real Property Purchase Agreement dated October 7, 2008 (the 2570 East Devon LLC, or Parcel 10, Agreement) by and between 2570 Devon LLC and Midwest Gaming & Entertainment LLC as and through its First Amendment dated March 26, 2010;

D. Real Property Purchase Agreement dated February 2, 2009 (the Parcels 6 – 8 Agreement) by and between Arthur J. Rogers and Co. and Midwest Gaming & Entertainment LLC as and through its First Amendment dated March 26, 2010; and

E. 2500 East Devon Agreement dated February 10, 2010 by and between 2500 Holding Group, LLC and Midwest Gaming & Entertainment LLC.

4. Pursuant to section 230(d) of the Adopted Rules, the financing package consisting of the following:

A. Equity contributed or to be contributed by Members of Midwest Gaming & Entertainment LLC;

B. “First Lien Debt” consisting of a First Lien Revolving Credit and Term Loan Agreement which will consist of \$110 million in a term loan and a \$10 million revolving credit facility;

C. “Vendor Financing” to provide for borrowing up to \$10 million from gaming equipment suppliers for the purchase of gaming equipment;

D. “Second Lien Debt” consisting of \$175 million of Senior Secured Notes, due 2016; and

E. Pursuant to section 235(b) of the Adopted Rules, Security on the First

Lien Debt and Second Lien Debt by the pledge and/or indenture of certain collateral pursuant to the following “Security Documents”:

- 1. First Lien Pledge and Security Agreement;**
- 2. First Lien Equity Pledge Agreement;**
- 3. First Lien Subsidiary Guaranty;**
- 4. First Lien Mortgage;**
- 5. Trust Indenture;**
- 6. Collateral Trust Agreement;**
- 7. Second Lien Pledge and Security Agreement;**
- 8. Second Lien Equity Pledge Agreement; and**
- 9. Second Lien Mortgage,**

all of which are approved with the understanding and on condition that 1) language previously provided to Midwest Gaming & Entertainment LLC related to creditor rights is included in the final documents and 2) approval does not, in any way, affect the Board’s right or ability to approve any future sale or acquisition of ownership in the licensee.

Member Winkler further moved **to delegate to the Administrator final approval of the financing documents identified in number 4 A through E of this motion as long as the terms and conditions therein do not materially change.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

Member Gardner asked when the Ground-breaking ceremony will take place. Mr. Carlin stated that probably April 16, 2010 and an invitation will be extended to the Board.

SUPPLIER LICENSEE ITEM

Martha Sabol appeared before the Board on behalf of Happ Controls, Inc.

- Happ Controls, Inc. – License Renewal

Based on Staff’s investigation and recommendation, Member Gardner moved **that the Board renew the Supplier’s License held by Happ Controls, Inc. for a period of four years, expiring in March, 2014.**

Staff further recommends that Happ Controls, Inc., be authorized and approved as a supplier of Electronic Gaming Device components and parts for casino games in the State of Illinois, pursuant to the requirements of the IGB as listed in the Adopted Rules.

Furthermore Member Gardner moved **to designate the following individuals, entities and corporations as Key Persons of Happ Controls, Inc.**

1. Pfingsten Partners, LLC;
2. Happ Controls, LLC;
3. Happ Acquisition, Inc.;
4. Chief Executive Officer of Happ Controls, LLC;
5. President of Happ Controls, LLC;
6. President of Happ Acquisition, Inc.;
7. President of Happ Controls, Inc.;
8. Thomas B. Happ;
9. Thomas S. Bagley;
10. James J. Norton; and
11. John H. Underwood.

Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

OCCUPATIONAL LICENSES APPROVALS & DENIALS – LEVEL 2s & 3s

Based on staff's investigation and recommendation, Member Moore moved **that the Board approve 47 applications for an Occupational License, Level 2, and 144 applications for an Occupational License, Level 3.**

Further, Member Moore moved **that the Board direct the Administrator to issue a Notice of Denial to the following individuals who received notice that staff intended to recommend denial and either did not respond or provide additional information to rebut the recommendation.**

1. Benny Davis;
2. Anthony Gaines;
3. Shoanan Wooldridge; and
4. Sherry Robinson.

Member Gardner seconded the motion. The Board approved the motion unanimously by roll call vote.

PROPOSED COMPLAINT AND DISCIPLINARY ACTION

- Thomas Hoffstatter – Occupational Licensee

Based on staff's investigation and recommendation, Member Sullivan moved that **the Board issue a Disciplinary Complaint against Thomas Hoffstatter, an occupational licensee, for failure to disclose all material changes in information to the Board.**

Further, Member Sullivan moved that **the Board suspend Thomas Hoffstatter's occupational license for 10 work days without pay. Said action to take effect twenty-one (21) days from the date of service of the complaint unless the licensee**

files an Answer within that time period. Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote.

- Kevin Eggleston – Occupational Licensee

Based on staff's investigation and recommendation, Member Sullivan moved **that the Board issue a Disciplinary Complaint against Kevin Eggleston, an occupational licensee, for failure to disclose all material changes in information to the Board.**

Further, Member Sullivan moved **that the Board suspend Kevin Eggleston's occupational license for 10 work days without pay. Said action to take effect twenty-one (21) days from the date of service of the complaint unless the licensee files an Answer within that time period.** Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote.

- Corrine L. Thompson – Occupational Licensee

Based on staff's investigation and recommendation, Member Gardner moved that **the Board issue a Disciplinary Complaint against Corrine L. Thompson, an occupational licensee, due to her admitted theft of a patron's purse and the cash contained therein.**

Further, Member Gardner moved that **the Board revoke Corrine L. Thompson's occupational license. Said action to take effect twenty-one (21) days from the date of service of the complaint unless the licensee files an Answer within that time period.** Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote.

- Myron D. Osborne – Occupational Licensee

Based on staff's investigation and recommendation, Member Moore moved **that the Board issue a Disciplinary Complaint against Myron D. Osborne, an occupational licensee, due to his admitted practice of taking \$2.50 chips, received as tips, and converting those chips to \$5.00 chips in the chip tray before dropping that higher denomination chip into the dealer tip box.**

Further, Member Moore moved **that the Board revoke Myron D. Osborne's occupational license. Said action to take effect twenty-one (21) days from the date of service of the complaint unless the licensee files an Answer within that time period.** Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

Member Gardner wanted to thank Midwest Gaming, LLC for all their cooperation and accommodation of our staff. Secondly he went on to congratulate Midwest Gaming, LLC.

At 1:45 p.m. Member Winkler motioned to adjourn and Member Sullivan seconded the motion. All Members voted in favor of adjournment.

Respectfully submitted,

Mary C. Boruta
Secretary to the Administrator